What is claimed is:

1. A method of administering an investment contract between at least two investors comprising:

associating a contract with a first investor, wherein the contract is based on at least one underlying commodity having a market value and wherein the first investor does not hold the underlying commodity or agree to buy or sell the underlying commodity,

matching the contract with a second investor thereby creating an active contract, wherein the second investor does not hold the underlying commodity or agree to buy or sell the underlying commodity,

at least temporarily holding first investor funds and second investor funds associated with the contract,

determining which one of the first and second investor is to receive a payoff based on the market value of the underlying commodity upon expiration of the contract in relation to one of a target price and a target price range, and

paying off one of the first and second investor upon expiration of the contract, wherein expiration of the contract is based on at least one of a deviation from a target price range and a specified maturity date.

2. The method of claim 1 wherein a price movement having a direction is defined by comparing the target price to the market value of the underlying commodity upon expiration of the contract, wherein the contract specifies an expiration date, a first and second expected direction associated with the first and second investor and a fixed lump-sum payoff, and wherein the payoff is selectively transferred to one of the first and second investor upon expiration of the contract based on the direction of the price movement of the commodity in relation to the first and second expected direction.

3. The method of claim 1 wherein a price movement having a number of ticks and direction is defined by comparing the target price to the market value of the underlying commodity upon expiration of the contract, wherein the contract specifies an expiration time, a first and second expected direction associated with the first and second investor and dollars per tick, and wherein the payoff is calculated and transferred to one of the

first and second investor upon expiration of the contract based on the direction of the price movement, the number of ticks and the dollars per tick.

4. The method of claim 3 wherein the contract further specifies a cap, and wherein the payoff transferred to one of the first and second investor is limited by the cap.

5. The method of claim 1 wherein the commodity has a market value at expiration of the contract, and wherein the contract specifies an expiration date, a first target price range associated with the first investor, a second target price range associated with the second investor and a fixed lump-sum payoff, and wherein the fixed lump-sum payoff is transferred to one of the first and second investor upon expiration of the contract based on the market value of the commodity upon expiration of the contract in relation to the first and second price ranges.

6. The method of claim 5 wherein the fixed lump-sum payoff is transferred to the first investor if the market value of the commodity upon expiration of the contract falls within the first target price range.

7. The method of claim 5 wherein the fixed lump-sum payoff is transferred to the second investor if the market value of the commodity upon expiration of the contract falls within the second target price range.

8. The method of claim 1 wherein the commodity has a market value upon expiration of the contract, wherein the contract specifies an expiration date, a price range bounded by an upper cap associated with the first investor and a lower cap associated with the second investor and fixed lump-sum payoff, and wherein the fixed lump-sum payoff is transferred to one of the first and second investor based on one of the market value of the commodity upon expiration of the contract in relation to the price range.

9. The method of claim 8 wherein the fixed lump-sum payoff is transferred to the first investor if the market value of the commodity reaches the upper cap prior to the expiration date.

10. The method of claim 8 wherein the fixed lump-sum payoff is transferred to the second investor if the market value of the commodity reaches one of the lower cap prior to the expiration date.

11. The method of claim 8 wherein the fixed lump-sum payoff is transferred to the first investor on the expiration date if the market value of the commodity on the expiration date falls within a portion of the price range associated with the first investor.

12. The method of claim 8 wherein the fixed lump-sum payoff is transferred to the second investor on the expiration date if the market value of the commodity on the expiration date falls within a portion of the price range associated with the second investor.

13. The method of claim 1 wherein the commodity has a market value at expiration of the contract, and wherein the contract specifies an expiration date, a price range bounded by an upper cap associated with the first investor and a lower cap associated with the second investor, a target price and dollars-per-tick, and wherein a payoff is calculated and transferred to one of the first and second investor upon expiration of the contract based on the market value of the commodity upon expiration of the contract in relation to the price range.

14. The method of claim 13 wherein the payoff transferred to one of the first and second investor is limited by one of the first and second cap.

15. The method of claim 14 wherein the payoff is transferred to the first investor if the market value of the commodity reaches the first cap prior to the expiration date.

16. The method of claim 14 wherein the payoff is transferred to the second investor if the market value of the commodity reaches the second cap prior to the expiration date.

17. The method of claim 13 wherein the payoff is transferred to the first investor on the expiration date if the market value of the commodity on the expiration date falls within a price range associated with the first investor.

18. The method of claim 17 wherein the payoff is calculated based on the difference between the market value of the commodity upon expiration of the contract and the target price multiplied by the dollars-per-tick.

19. The method of claim 13 wherein the payoff is transferred to the second investor on the expiration date if the market value of the commodity on the expiration date falls within a price range associated with the second investor.

20. The method of claim 19 wherein the payoff is calculated based on the difference between the market value of the commodity upon expiration of the contract and the target price multiplied by the dollars-per-tick.

21. A system for creating an electronic exchange for trading in and administering investment contracts between at least two investors comprising:

a computer system operable to (i) associate a contract with a first investor, wherein the contract is based on at least one underlying commodity and wherein the first investor does not hold the underlying commodity or agree to buy or sell the underlying commodity, (ii) match the contract with a second investor thereby creating an active contract, wherein the second investor does not hold the underlying commodity or agree to buy or sell the underlying commodity, (iii) at least temporarily hold first investor funds and second investor funds associated with the contract, (iv) determine which one of the first and second investor is to receive a payoff based on the market value of the underlying commodity upon expiration of the contract in relation to one of a target price and a target price range, and (v) pay off one of the first and second investor upon expiration of the contract, wherein expiration of the contract is based on at least one of a deviation from a target price range and a time horizon.

22. The system of claim 21 wherein a price movement having a direction is defined by comparing the target price to the market value of the underlying commodity upon expiration of the contract, wherein the contract specifies an expiration date, a first and second expected direction associated with the first and second investor and a fixed lump-sum payoff, and wherein the payoff is selectively transferred to one of the first and

second investor upon expiration of the contract based on the direction of the price movement of the commodity in relation to the first and second expected direction.

23. The system of claim 21 wherein a price movement having a number of ticks and direction is defined by comparing the target price to the market value of the underlying commodity upon expiration of the contract, wherein the contract specifies an expiration time, a first and second expected direction associated with the first and second investor and dollars per tick, and wherein the payoff is calculated and transferred to one of the first and second investor upon expiration of the contract based on the direction of the price movement, the number of ticks and the dollars per tick.

24. The system of claim 23 wherein the contract further specifies a cap, and wherein the payoff transferred to one of the first and second investor is limited by the cap.

25. The system of claim 21 wherein the commodity has a market value at expiration of the contract, and wherein the contract specifies an expiration date, a first target price range associated with the first investor, a second target price range associated with the second investor and a fixed lump-sum payoff, and wherein the fixed lump-sum payoff is transferred to one of the first and second investor upon expiration of the contract based on the market value of the commodity upon expiration of the contract in relation to the first and second price ranges.

26. The system of claim 25 wherein the fixed lump-sum payoff is transferred to the first investor if the market value of the commodity upon expiration of the contract falls within the first target price range.

27. The system of claim 25 wherein the fixed lump-sum payoff is transferred to the second investor if the market value of the commodity upon expiration of the contract falls within the second target price range.

28. The system of claim 21 wherein the commodity has a market value upon expiration of the contract, wherein the contract specifies an expiration date, a price range bounded by an upper cap associated with the first investor and a lower cap associated

with the second investor and fixed lump-sum payoff, and wherein the fixed lump-sum payoff is transferred to one of the first and second investor based on one of the market value of the commodity upon expiration of the contract in relation to the price range.

29. The system of claim 28 wherein the fixed lump-sum payoff is transferred to the first investor if the market value of the commodity reaches the upper cap prior to the expiration date.

30. The system of claim 28 wherein the fixed lump-sum payoff is transferred to the second investor if the market value of the commodity reaches one of the lower cap prior to the expiration date.

31. The system of claim 28 wherein the fixed lump-sum payoff is transferred to the first investor on the expiration date if the market value of the commodity on the expiration date falls within a portion of the price range associated with the first investor.

32. The system of claim 28 wherein the fixed lump-sum payoff is transferred to the second investor on the expiration date if the market value of the commodity on the expiration date falls within a portion of the price range associated with the second investor.

33. The system of claim 21 wherein the commodity has a market value at expiration of the contract, and wherein the contract specifies an expiration date, a price range bounded by an upper cap associated with the first investor and a lower cap associated with the second investor, a target price and dollars-per-tick, and wherein a payoff is calculated and transferred to one of the first and second investor upon expiration of the contract based on the market value of the commodity upon expiration of the contract in relation to the price range.

34. The system of claim 33 wherein the payoff transferred to one of the first and second investor is limited by one of the first and second cap.

35. The system of claim 34 wherein the payoff is transferred to the first investor if the market value of the commodity reaches the first cap prior to the expiration date.

36. The system of claim 34 wherein the payoff is transferred to the second investor if the market value of the commodity reaches the second cap prior to the expiration date.

37. The system of claim 33 wherein the payoff is transferred to the first investor on the expiration date if the market value of the commodity on the expiration date falls within a price range associated with the first investor.

38. The system of claim 37 wherein the payoff is calculated based on the difference between the market value of the commodity upon expiration of the contract and the target price multiplied by the dollars-per-tick.

39. The system of claim 33 wherein the payoff is transferred to the second investor on the expiration date if the market value of the commodity on the expiration date falls within a price range associated with the second investor.

40. The system of claim 39 wherein the payoff is calculated based on the difference between the market value of the commodity upon expiration of the contract and the target price multiplied by the dollars-per-tick.